## Senate File 323 - Introduced

SENATE FILE 323

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## A BILL FOR

- 1 An Act providing education savings grants for pupils attending
- 2 a nonpublic school or receiving competent private
- 3 instruction, establishing an education savings grant fund,
- 4 making appropriations, providing penalties, and including
- 5 applicability provisions.
- 6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 1 Section 1. Section 256.7, Code 2013, is amended by adding
- 2 the following new subsection:
- NEW SUBSECTION. 33. Adopt rules relating to applications
- 4 for an education savings grant pursuant to section 257.11B,
- 5 including application processing timelines and information
- 6 required to be submitted by a parent or quardian.
- 7 Sec. 2. NEW SECTION. 257.11B Education savings grant
- 8 program.
- 9 1. Pupils eligible to enroll in grades kindergarten through
- 10 twelve and attending a nonpublic school or receiving competent
- 11 private instruction under chapter 299A shall be eligible to
- 12 receive an education savings grant in the manner provided in
- 13 this section for school years beginning on or after July 1,
- 14 2014. Education savings grants shall be made available to
- 15 parents and guardians in the manner authorized under subsection
- 16 4, paragraph c'', for the payment of qualified education
- 17 expenses as provided in this section.
- 18 2. a. (1) By January 31 preceding the school year for
- 19 which the education savings grant is requested, the parent
- 20 or guardian of the pupil requesting to receive an education
- 21 savings grant shall submit an application to the department of
- 22 education, on application forms developed by the department,
- 23 indicating that the parent or quardian intends to enroll the
- 24 pupil in a nonpublic school or provide competent private
- 25 instruction for the pupil under chapter 299A.
- 26 (2) In addition to such information deemed appropriate by
- 27 the department of education, the application shall require
- 28 certification from the nonpublic school of the pupil's
- 29 enrollment for the following school year or a statement
- 30 indicating the parent or guardian's intent to provide or
- 31 arrange for competent private instruction for the pupil for the
- 32 following school year.
- 33 b. By March 1 preceding the school year for which the
- 34 education savings grant is requested, the department of
- 35 education shall notify the department of management of the

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- 1 number of pupils in each school district designated for the
- 2 following school year to receive an education savings grant
- 3 and the amount of the education savings grant for each pupil.
- 4 The department of education shall also notify the parent
- 5 or guardian of such pupils who are approved to receive an
- 6 education savings grant.
- 7 c. Education savings grants shall only be approved for one
- 8 school year and applications must be submitted under paragraph
- 9 "a" for education savings grants in subsequent school years.
- 10 3. a. The department of management shall assign each pupil
- 11 an education savings grant in an amount equal to the statewide
- 12 average state foundation aid per pupil in the same school year.
- 13 b. The department of management shall on July 1 following
- 14 the determination of the amount of the education savings grant
- 15 for each approved pupil transfer such amounts to the pupil's
- 16 account in the education savings grant fund established under
- 17 subsection 4. Such amount shall be available to the pupil's
- 18 parent or quardian in the manner authorized under subsection
- 19 4, paragraph c, for the payment of qualified educational
- 20 expenses incurred by such persons for the pupil during that
- 21 school year.
- 22 4. An education savings grant fund is created in the state
- 23 treasury under the control of the department of management
- 24 consisting of moneys appropriated to the department for the
- 25 purpose of providing education savings grants under this
- 26 section. For the fiscal year commencing July 1, 2014, and
- 27 each succeeding fiscal year, there is appropriated from the
- 28 general fund of the state to the department of management to be
- 29 credited to the fund the amount necessary to pay all education
- 30 savings grants approved for that fiscal year. The director of
- 31 the department of management has all powers necessary to carry
- 32 out and effectuate the purposes, objectives, and provisions of
- 33 this section pertaining to the fund, including the power to do
- 34 all of the following:
- 35 a. Make and enter into contracts necessary for the

- 1 administration of the fund.
- 2 b. Procure insurance against any loss in connection with the
- 3 assets of the fund or require a surety bond.
- 4 c. Contract with a private financial management firm to
- 5 manage the fund, in collaboration with the treasurer of state,
- 6 including providing for the disbursement of education savings
- 7 grants in the form of an electronic debit card or checks that
- 8 are payable directly from the pupil's account within the fund.
- 9 d. Conduct audits or other review necessary to properly
- 10 administer the program.
- ll e. Adopt rules pursuant to chapter 17A for the
- 12 administration of the fund and accounts within the fund.
- 13 5. a. For each pupil approved for an education savings
- 14 grant, the department shall establish an account for that
- 15 pupil in the education savings grant fund. The amount of the
- 16 pupil's education savings grant determined under subsection
- 17 3 shall be deposited into the pupil's account on July 1 and
- 18 such amount shall be immediately available for the payment of
- 19 qualified education expenses incurred by the parent or guardian
- 20 for the pupil during that fiscal year using the payment method
- 21 authorized under subsection 4, paragraph c.
- 22 b. A nonpublic school or other entity that accepts payment
- 23 from a parent or quardian using funds from a pupil's account in
- 24 the education savings grant fund shall not refund, rebate, or
- 25 share any portion of such payment with the parent, guardian, or
- 26 pupil.
- 27 c. Moneys remaining in a pupil's account upon conclusion
- 28 of the fiscal year shall remain in the pupil's account within
- 29 the education savings grant fund for the payment of qualified
- 30 educational expenses in future fiscal years or for the payment
- 31 of higher education costs under subsection 8.
- 32 6. For purposes of this section, "qualified educational
- 33 expense" includes tuition and fees at a nonpublic school,
- 34 textbooks, fees or payments for tutoring or cognitive skills
- 35 training, curriculum materials, tuition or fees for nonpublic

1 online education programs, education materials and services for 2 pupils with disabilities, standardized test fees, fees required 3 by the department not to exceed for each grant recipient five 4 percent of the total grant amount in any fiscal year, and other 5 expenses incurred by the parent or guardian that are directly 6 related to the education of the pupil at a nonpublic school, 7 including a nonpublic school accredited by an independent 8 accrediting agency approved by the department of education, or 9 directly related to providing competent private instruction 10 for the pupil under chapter 299A. The cost of one computer or 11 other portable computing device shall be allowed as a qualified 12 educational expense for a pupil if such a purchase has not been 13 made using funds from that pupil's account in either of the 14 two immediately preceding fiscal years. "Qualified educational 15 expenses" do not include transportation costs for the pupil, the 16 cost of food or refreshments consumed by the pupil, the cost 17 of clothing for the pupil, or the cost of disposable materials 18 including but not limited to paper, notebooks, pencils, pens, 19 and art supplies. 20 A person who makes a false claim for the purpose of 21 obtaining an education savings grant provided for in this 22 section or who knowingly receives the grant or makes a payment 23 from an account within the education savings grant fund 24 without being legally entitled to it is guilty of a fraudulent 25 practice. The false claim for an education savings grant or a 26 payment from an account shall be disallowed and if amounts from 27 the grant have been disbursed from the applicable account in 28 the education savings grant fund, the department of management 29 shall initiate legal proceedings to recover such amounts. 30 parent or guardian, or a pupil for purposes of subsection 8,

8. For each pupil with a positive balance in the pupil's

35 from high school or completion of an equivalent level of

32 in the education savings grant program in the future.

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31 who violates this subsection is prohibited from participating

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1 competent private instruction under chapter 299A, the
 2 department of management shall maintain such account in the
 3 fund until the pupil is twenty-five years of age. Following
 4 graduation from high school until the pupil is twenty-five
 5 years of age, moneys in the pupil's account may be used for
 6 higher education costs, as defined in section 12D.1, subsection
 7 2, incurred by the pupil while attending an institution of
 8 higher education under the control of the state board of
 9 regents, a community college located in this state, or a
10 private college or university located in this state. Payments
11 from a pupil's account for higher education costs shall be
12 made in the same manner as payments for qualified educational
13 expenses under subsection 5. Moneys in a pupil's account when
14 the pupil turns twenty-five years of age shall be transferred
15 by the department for deposit in the general fund of the state.
16
          This section shall not be construed to authorize this
17 state or any political subdivision of this state to exercise
18 authority over any nonpublic school or pupil receiving
19 competent private instruction under chapter 299A or construed
20 to require a nonpublic school to modify its admissions or
21 educational program in order to receive payment from a parent
22 or guardian using funds from a pupil's account in the education
23 savings grant fund. A nonpublic school or entity providing
24 competent private instruction under chapter 299A, that accepts
25 payment from a parent or guardian using funds from a pupil's
26 account in the education savings grant fund is not an agent of
27 this state or other political subdivision of this state.
28 adopted by the department to implement this section that impose
29 an undue burden on a nonpublic school or entity providing
30 competent private instruction under chapter 299A are invalid.
      Sec. 3. APPLICABILITY. This Act applies to school budget
31
32 years and fiscal years beginning on or after July 1, 2014.
33
                             EXPLANATION
34
      This bill provides education savings grants for pupils
35 attending a nonpublic school or receiving competent private
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1 instruction and establishes an education savings grant fund. 2 Under the bill, pupils eligible to enroll in grades 3 kindergarten through 12 and attending a nonpublic school or 4 receiving competent private instruction under Code chapter 5 299A are eligible to receive an education savings grant for 6 school years beginning on or after July 1, 2014. By January 31 7 preceding the school year for which the education savings grant 8 is requested, the parent or quardian of the pupil requesting to 9 receive an education savings grant must submit an application 10 to the department of education indicating that the parent or 11 quardian intends to enroll the pupil in a nonpublic school or 12 provide competent private instruction for the pupil. The bill requires that by March 1 preceding the school 13 14 year for which the education savings grant is requested, 15 the department of education must notify the department of 16 management of the number of pupils in each school district 17 designated for the following school year to receive an 18 education savings grant and the amount of the education savings 19 grant for each pupil. Education savings grants may only be 20 approved for one school year and applications must be submitted 21 for education savings grants in subsequent school years. 22 The amount of each education savings grant is equal to the 23 statewide average state foundation aid per pupil in the same 24 school year. 25 The bill creates an education savings grant fund in the state 26 treasury under the control of the department of management 27 consisting of moneys appropriated to the department for the 28 purpose of providing education savings grants. For the fiscal 29 year commencing July 1, 2014, and each succeeding fiscal year, 30 there is appropriated from the general fund of the state to the 31 department of management for deposit in the fund the amount 32 necessary to pay all education savings grants approved for that 33 fiscal year. For each pupil approved for an education savings

34 grant, the department of management must establish an account 35 for that pupil in the education savings grant fund. The amount

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1 of the pupil's education savings grant is deposited into the 2 pupil's account on July 1 and such amount is available for use 3 by parents and guardians for the payment of qualified education 4 expenses, as defined in the bill, incurred by the parent or 5 guardian for the pupil during that fiscal year. The bill authorizes the department of education to 7 contract with a private financial management firm to manage 8 the education savings grant fund, in collaboration with the 9 treasurer of state, including providing for the disbursement 10 of education savings grants in the form of an electronic debit 11 card or checks that are payable directly from the pupil's 12 account within the fund. 13 The bill provides that moneys remaining in a pupil's account 14 upon the conclusion of the fiscal year shall remain in the 15 pupil's account within the education savings grant fund for 16 the payment of qualified educational expenses in future fiscal 17 years or for higher education costs as authorized in the bill. Under the bill, for each pupil with a positive balance in 18 19 the pupil's account in the education savings grant fund upon 20 graduation from high school or completion of an equivalent 21 level of competent private instruction under Code chapter 22 299A, the department of management is required to maintain the 23 account in the fund until the pupil is 25 years old. Until 24 the pupil is 25 years old, moneys in the pupil's account may 25 be used by the pupil for higher education costs, as defined 26 in Code section 12D.1. Moneys in a pupil's account when the 27 pupil turns 25 years old are transferred by the department of 28 management for deposit in the general fund of the state. 29 The bill provides that a person who makes a false claim for 30 the purpose of obtaining an education savings grant or who 31 knowingly receives the grant or makes a payment from an account 32 within the education savings grant fund without being legally 33 entitled to it is guilty of a fraudulent practice and is 34 subject to a criminal penalty. The bill allows the department 35 of management to initiate legal proceedings to recover grants

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- 1 and amounts improperly awarded or paid from accounts under the
  2 bill.
- 3 The bill applies to school budget years and fiscal years
- 4 beginning on or after July 1, 2014.